

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL NOTE**

HB 100 - SB 135

March 5, 2013

SUMMARY OF BILL: Increases the minimum required amounts for the surety bonds of certain county public officials, emergency communications districts (ECD), local education agencies (LEAs), development districts, and human resource agencies (HRA). Simplifies the calculating formula based on revenue for county trustees, ECDs, LEAs, and HRAs. Requires all such bonds to be transmitted to the county clerk, instead of the Comptroller of the Treasury, for safekeeping. Prohibits bonds required by Title 8, Chapter 19 from being renewed upon expiration, and prohibits the bond being renewed upon the reappointment or re-election of the bonded officer or employee. Requires county governments to obtain and maintain blanket surety bonds for all county employees not currently covered by an individual surety bond.

ESTIMATED FISCAL IMPACT:

On February 12, 2013, a fiscal note was issued estimating a fiscal impact as follows:

*Increase Local Expenditures – Exceeds \$617,500**

Based on new information provided by the County Technical Assistance Service and the Office of the Comptroller the estimated fiscal impact is:

Increase Local Expenditures – Exceeds \$482,500*

Assumptions:

- According to the Department of Commerce and Insurance, this bill will not fiscally impact the Department.
- Based on information provided CTAS, approximately 75 percent of counties currently have blanket bonds of at least \$150,000. The remaining 25 percent (or 24 counties) will be required to purchase such bonds; resulting in a recurring increase in local government expenditures of \$36,000.
- Based on estimates provided by the Office of the Comptroller and County Technical Assistance Service (CTAS), it is estimated the revised bonding requirements for certain local officials proposed will result in a recurring increase in local government expenditures exceeding \$4,700 per county.

- Based on the above estimates, the total recurring increase in local government expenditures is estimated to exceed \$482,500 [(\$4,700 per county x 95 counties) + \$36,000] statewide.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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